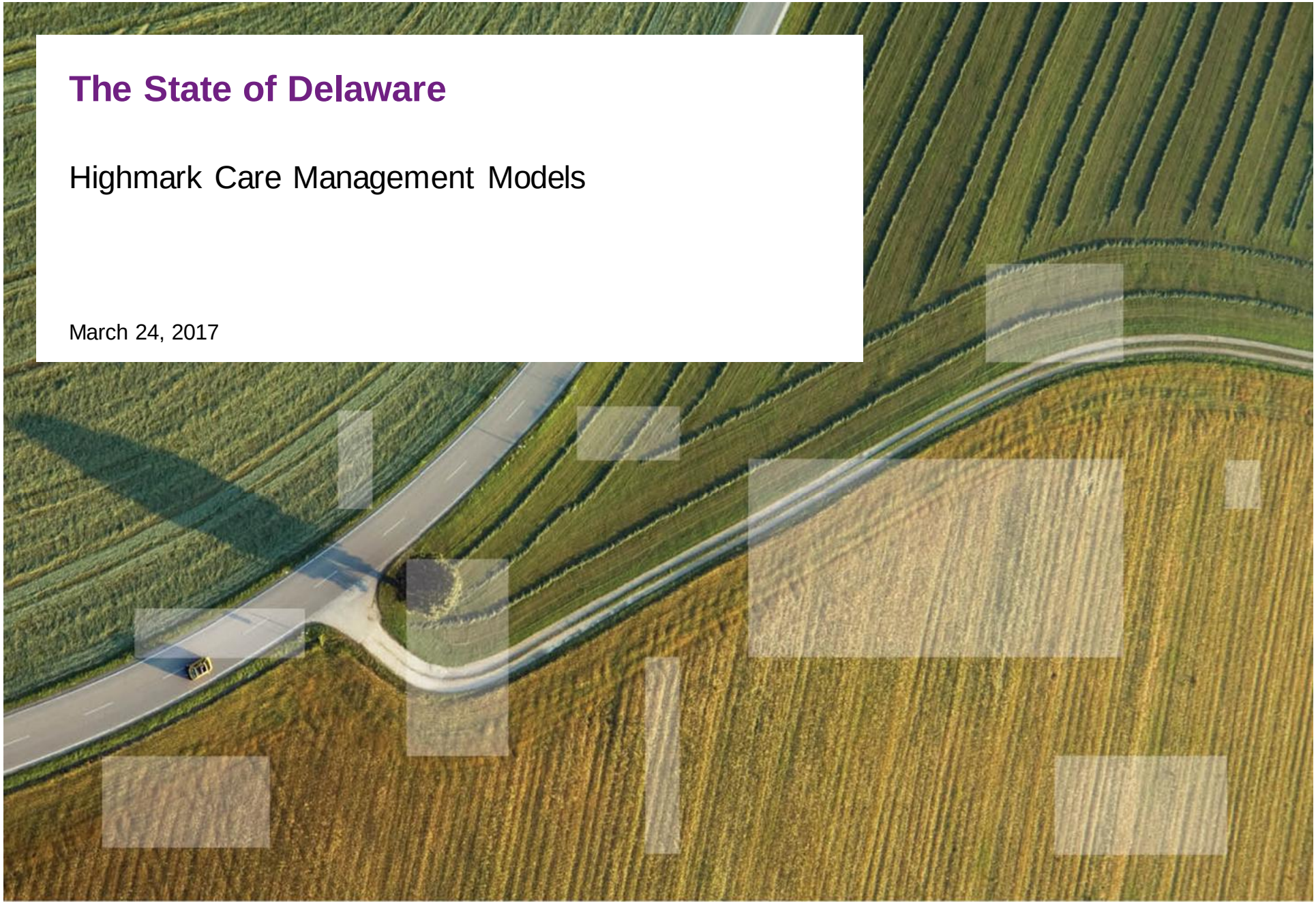
# The State of Delaware

## Highmark Care Management Models

March 24, 2017





Willis Towers Watson

# Contents

# Background

- The evaluation of Highmark's care management models has stemmed from two parallel processes that Willis Towers Watson has been working with the SEBC to address over the last 9 months:
  - Development of a strategic framework for the Group Health Insurance Program (GHIP)
  - Administration of a request-for-proposal (RFP) for a medical third party administrator (TPA)
- Both processes converged in their goal to move the GHIP toward a higher level of utilization of value-based care delivery models that focus on "pay for value" rather than "fee for service"
- Outcomes from the medical TPA RFP support the GHIP strategic framework; State will leverage value-based care delivery solutions from Aetna and Highmark
  - Aetna: HMO with Accountable Care Organization (ACO) ("AIM"), advanced primary care and Centers of Excellence (COEs)
    - AIM provides additional care management and primary care coordination in partnership with Christiana Care Health System (CCHS) and includes a financial risk-sharing arrangement with CCHS for managing the health of the HMO population and reducing trend for that plan
    - Leverages a team of CCHS clinicians supported by shared electronic medical records ("Care Link") to deliver telephonic and in-person care management at CCHS facilities and participating PCP practices
  - Highmark: True Performance program for primary care physicians, COEs and emerging ACOs
- Opportunity to evaluate Highmark's care management models, which play a similar role as the CCHS team managing the Aetna HMO population through AIM

## Highmark care management program options

Executive summary

- There are several different care management programs that the State can choose under Highmark (ordered below by increasing level of engagement/savings opportunities)
  - Intensive Model – in place today
  - Customer Care Advocacy ("CCA") model
  - Custom Care Management Unit ("CCMU") model
- Adoption of an enhanced care management program has no negative employee impact
- WTW has worked with Highmark to understand the key differences in each of these models on the State's behalf
  - This includes reviewing which components of the Intensive Model are available to all Highmark customers, and which have been customized specifically for the State
- The following page outlines key program attributes
- **As compared to the Intensive Model, the net projected savings for the CCA and CCMU models are highlighted below:**
  - **CCA Net Savings: $3.2M - $4.7M**
  - **CCMU Net Savings: $5.5M - $7.4M**

# Key differentiators between Highmark's care management models

## Executive summary

| | Intensive Model *(in place today)* | | CCA | CCMU |
|---|---|---|---|---|
| | Highmark Standard | Customized for the State | | |
| **Engagement** | | | | |
| Staffing Ratio (RN : Mbrs), DM & CM only* | 1:15,000 | 1:9,500** | 1:10,000 | 1:7,500 |
| Basis of predictive model / triggers for outreach | Predictive model / outreach based on condition prevalence and risk for all Intensive Model members | Predictive model / outreach based on condition prevalence and risk w/in the State's population | Predictive model / outreach based on condition prevalence and risk w/in the customer's population | Client-specific outreach triggers built into predictive modeling, e.g., lower high cost claimant threshold |
| Customer Service (CS) as an engagement driver | CS provides non-clinical advocacy, no access to gaps-in-care, referrals are not a core function of unit performance | | CS provides clinical advocacy, w/ CS access to gaps-in-care and member contact info, appropriate clinical referrals measured as part of CCA/CS unit performance | CS provides clinical advocacy *with customized messaging*, CS access to gaps-in-care and member contact info, appropriate clinical referrals measured as part of CCMU/CS unit performance |
| **Clinical Model** | RNs are designated to Intensive Model customers | Dedicated clinical team of 6 Health Coach RNs | RNs are designated to CCA customers | RNs are dedicated to CCMU with specific focus on client's population and culture |
| Focus of primary nurse care manager | | | | Dedicated pharmacist and medical director |
| **Vendor Oversight** | Highmark oversees clinical performance | | Highmark oversees clinical performance | Joint WTW/Highmark oversight of clinical performance<br>Client-specific pre-implementation readiness assessment<br>WTW/Highmark ongoing weekly post-implementation calls to discuss progress/address opportunities<br>Semi-annual WTW onsite clinical assessment<br>Customized dashboard report with CCMU-specific metrics and Detailed quarterly reporting to monitor progress |
| **Financial** | | | | |
| Fees at Risk | **40%** | | ***40%*** | ***40% (WTW Oversight 100%)*** |
| Net Savings (Compared to Intensive) | **-** | | ***$3.2M - $4.7M*** | ***$5.5M - $7.4M*** |

* DM = Disease Management, CM= Case Management. No differentiation among staffing ratios for Lifestyle Management (1:25,000) or Utilization Management (1:50,000).
** Highmark has indicated that the fees currently paid by the State do not fully cover the cost of the clinical resources allocated to the State, and has suggested that a reduction in covered membership will increase the case loads of the nurses supporting the State (i.e., more members per nurse / less time to dedicate to member management).

# Deeper dive into clinical model value drivers – engagement

| Incremental Improvements | Intensive Model to CCA | CCA to CCMU |
|---|---|---|
| Nurse-to-member staffing ratio | ▪ Allows nurses to spend more time with the members they are responsible for managing | ▪ Further improvements in staffing ratio allows nurses to spend additional time managing members assigned to them |
| Clinical opportunities identified for member outreach<br><br>***Note: Based on a wider set of factors ("predictive model triggers") than the Intensive Model, in place today*** | ▪ Built on a ***"condition-specific" approach***, since the model is predominantly based on clinical opportunities identified for the specific diseases and chronic conditions reflected in the State of Delaware's population<br>▪ Includes other opportunities not related to specific chronic conditions (i.e., gaps in preventive care, multiple readmissions, etc.) | ▪ ***"Condition-agnostic" approach*** that looks for any opportunity to engage with a member<br>▪ Includes specific diseases and chronic conditions within the State's population as well as a comprehensive set of other opportunities not related only to specific chronic conditions (i.e., gaps in preventive care, medication interactions, high use of ER, multiple readmissions, etc.)<br>▪ ***Casts a wider net out to the State's population*** and has the potential to identify and outreach to the highest number of members for engagement |
| Customer Service (CS) telephone reps play a much greater role in driving member engagement<br><br>***Note: Linkage between the CS and nurse teams does not exist in the Intensive Model, in place today*** | ▪ Different team of CS reps serving this model; have been ***trained to act as clinical advocates*** on behalf of members<br>▪ When a member calls in, the CS rep has ***access to clinical information*** about that member and **can see if a nurse has been trying to reach them**, and for what reasons<br>▪ Approach takes advantage of the fact that the ***member is actively seeking help from Highmark*** by calling CS for some sort of medical need – therefore the member is ***more likely to engage in further dialogue*** with CS and, by extension, the nurse team<br>▪ CS reps are encouraged to take a more active role in engaging members because ***their job performance is directly tied to this*** (CS/nurse team are jointly evaluated on their ability to make appropriate clinical referrals and drive member engagement) | ***CCMU uses the same approach to CS reps as clinical advocates, with the same training, tools and performance measures in place as in the CCA model*** |

# Deeper dive into clinical model value drivers – engagement

## Examples of clinical and non-clinical advocacy

- CCA and CCMU customer service (CS) teams receive special training on how to listen for and draw out opportunities to further engage a member in both clinical and non-clinical ways
- This differs for Intensive Model customers, who are provided Highmark's "standard" CS team, which has not been trained on ways to act as clinical advocates, does not have access to clinical information about members, and are not measured on their performance in terms of their referrals to the nurse team and ability to drive engagement

| | Examples of Advocacy for both CCA and CCMU | |
|---|---|---|
| | Clinical Example | Non-Clinical Example |
| Presenting problem | ▪ Member calls CS for help finding an imaging center that does open MRIs | ▪ Member calls CS to obtain a new medical ID card |
| Motivational interviewing technique employed by CS rep | ▪ To help address the member's primary request, the CS rep asks the member why they are seeking an MRI<br>▪ Member indicates that this is pre-surgical imaging for an upcoming back surgery, which will help the member's back pain | ▪ Once the member's primary need has been addressed (i.e., Highmark will mail a new ID card), the CS rep asks the member if they need a new ID card because they have a doctor's appointment soon |
| Solution | ▪ Through CS rep's training and access to clinical details via member dashboard, CS rep identifies that there may be other clinically appropriate ways to ease the member's back pain<br>▪ CS rep offers to connect the member to a nurse who may be able to help the member find a non-surgical alternative to alleviate their back pain<br>▪ Member agrees, and the CS rep warm-transfers the member to a nurse<br>▪ Nurse works with the member to identify other ways to treat their back pain, which allows the member to avoid back surgery | ▪ Depending on what type of doctor's appointment the member may be preparing for, the CS rep could provide education/assistance with any of the following:<br>▪ How to find a high-performing provider / Center of Excellence (in case the current appointment is not with one of those providers)<br>▪ How to use the procedure cost estimator tool on Highmark's member website (to price out the cost of the member's visit and possibly find lower cost alternatives) |
| Savings impact | ▪ Savings from avoided surgical costs for the member and the State, as well as improved quality of life for the member and reduced time away from work for recovery | ▪ Depends on the outcome of the CS rep's assistance (i.e., savings from use of a higher performing provider/Center of Excellence, alternative choice of providers and/or procedures through use of the procedure cost estimator) |

# Deeper dive into clinical model value drivers – engagement

## Metrics and performance guarantees

- Quarterly reporting available under all care management models (more details provided under CCA and CCMU models)
- CCMU model also includes customized dashboard reporting on CCMU-specific metrics and the State-specific CCMU PGs

| | Intensive Model | CCA Model | CCMU Model |
|---|---|---|---|
| **Highmark Performance Guarantees** | ▪ Contingent upon wellness profile (health risk assessment) participation by eligible adult members ≥ 20% (actual participation <1%)<br>  ▪ ROI: 20% fees at risk<br>  ▪ Outreach and Engagement: 20% fees at risk<br>  – Outreach to ≥ 16.3% eligible adult members<br>  – Actively Engage ≥ 6.1% eligible adult members (i.e., participate in +1 phone call and establish goal plan with nurse care manager) | ▪ No contingencies based on engagement<br>▪ Engagement and clinical outcomes: 40% | ▪ No contingencies based on engagement<br>▪ Engagement and clinical outcomes: 30% fees at risk<br>▪ Trend guarantee: 10% fees at risk |
| **Estimated Savings and Performance Metrics** | ▪ Limited actual savings associated with the current Intensive Model due to low member engagement<br>▪ No savings/ROI reported in Highmark's most recent annual report (FY16) | ▪ Net savings projection: **$3.2M - $4.7M**<br>▪ See box to the right for key measures that drive savings | ▪ Net savings projection: **$5.5M - $7.4M**<br>▪ See box to the right for key measures that drive savings |

**Measures that drive savings:**

- **Reduction in hospital admissions** – high cost event that can produce significant savings when avoided
- **Reduction in hospital readmissions** – high cost event that is sometimes more costly than the initial admission, due to complications
- **Reduction in ER visits** – can lead to unnecessary admissions for lower acuity conditions that would be more appropriate for treatment in another clinical setting
- **Improvements in A1c values** – can lead to longer term savings associated with fewer complications from diabetes
- **Improvements in medication compliance** – can lead to longer term savings associated with better controlled chronic conditions, i.e., fewer complications, lower health risks, etc.
- **Increased utilization of Highmark's member tools** (i.e., procedure cost estimator, provider quality measures/search) – can lead to various changes in behavior/spending that stem from being an informed health care consumer

# Deeper dive into clinical model value drivers – clinical oversight

| Incremental Improvements | Intensive Model to CCA | CCA to CCMU |
|---|---|---|
| Clinical oversight | ▪ ***Minimal differences*** in staffing for medical directors providing clinical oversight of nurse teams (i.e., medical directors are shared resources between Intensive Model and CCA customers)<br>▪ Both Intensive Model and CCA clinical teams have access to pharmacists who are shared between both models | ▪ ***Dedicated medical director and pharmacist supporting only CCMU***<br>▪ ***Can improve connections with members*** who may be difficult to engage<br>▪ ***Promotes greater collaboration between CCMU clinicians and members' physicians***, which can also lead to improved member engagement by building credibility via the member's physician |
| Third party reviews | ▪ No difference between Intensive Model and CCA<br>▪ No third party oversight built into the cost of the programs | ▪ ***WTW semi-annual onsite audits*** of CCMU performance by WTW's CCMU-specific consulting team, which includes WTW clinicians<br>▪ Even with similar triggers, ***engagement and overall results can vary significantly*** depending on the nurses' motivational interviewing ability, monitoring of provider treatment plans to reduce gaps in care, use of specialty resources, referrals to other resources, etc.<br>▪ Allows WTW to ***ensure that the nurses are executing on all program areas*** or, where they are not, that they are quickly correcting for any deficits<br>▪ Supplemented by ***regular calls between WTW's CCMU-specific consulting team and Highmark*** to discuss program performance, opportunities for improvement, etc.<br>▪ WTW also conducts a ***pre-implementation audit*** to ensure readiness of the CCMU to begin managing a new member population |

# Deeper dive into clinical model value drivers – provider experience

- Similar to the DelaWELL program of 2015, Highmark has committed to communicating and educating providers about the enhanced care management models (CCA or CCMU) to ensure that they are aware of the program and can best partner
- Care management nurses serve as advocates for the members they support
  - Support and empower members to navigate the health care system
- They also support the members' primary care providers
  - **Care management nurses help coordinate member care and share relevant clinical information with members' PCPs**
  - **Ensures PCPs are aware of the full extent of care their patients are receiving, including clinical results from recent visits to the ER, hospital, specialists, etc., in an otherwise fragmented system**
- When the care management nurse is unable to reach the member directly, they will usually remain in touch with the member's PCP to share relevant information about the member's condition with the PCP's office
- Participation by PCPs is not required for the care management nurses to continue working with the members they serve
  - However, when members' PCPs choose to take calls from either the care management nurse or the medical director, it improves the patient's experience through enhanced care coordination

# Appendix

# Key differentiators between Highmark's care management models

| | Intensive Model | | CCA | CCMU |
|---|---|---|---|---|
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| Customer Service (CS) as an engagement driver | CS provides non-clinical advocacy, no access to gaps-in-care, referrals are not a core function of unit performance | | CS provides clinical advocacy, w/ CS access to gaps-in-care and member contact info, appropriate clinical referrals measured as part of CCA/CS unit performance | Client-specific outreach triggers built into predictive modeling, e.g., lower high cost claimant threshold<br><br>CS provides clinical advocacy *with customized messaging*, CS access to gaps-in-care and member contact info, appropriate clinical referrals measured as part of CCMU/CS unit performance |

Note: To highlight the differentiation among the options, text is colored in green to show the additional attributes that are value-add compared to the current "Intensive Model."
* DM = Disease Management, CM = Case Management. No differentiation among staffing ratios for Lifestyle Management (1:25,000) or Utilization Management (1:50,000).
** Highmark has indicated that the fees currently paid by the State do not fully cover the cost of the clinical resources allocated to the State, and has suggested that a reduction in covered membership will increase the case loads of the nurses supporting the State (i.e., more members per nurse / less time to dedicate to member management).

# Key differentiators between Highmark's care management models

| | Intensive Model | | CCA | CCMU |
|---|---|---|---|---|
| | Highmark Standard | Customized for the State | | |
| **Clinical Model**<br>Focus of primary nurse care manager<br>Designated vs. dedicated clinical resources<br>▪ Pharmacist<br>▪ Medical Director<br>▪ Behavioral Health<br>▪ Specialty Case Mgmt | RNs are designated to Intensive Model customers<br><br>RNs have access to additional clinical resources that support IM and CCA models | Dedicated clinical team of 6 Health Coach RNs | RNs are designated to CCA customers<br><br>RNs have access to additional clinical resources that support IM and CCA models | RNs are dedicated to CCMU with specific focus on client's population and culture<br>Dedicated pharmacist and medical director<br>RNs have access to additional clinical resources that support IM and CCA models |

Note: To highlight the differentiation among the options, text is colored in green to show the additional attributes that are value-add compared to the current "Intensive Model."

# Highmark-reported results for the State of Delaware

## Current Intensive Model performance guarantees and engagement metrics

- Current engagement, measured by Wellness Profile participation rate, is lower than the minimum threshold for Intensive Model performance guarantees to apply

| | | | State of Delaware Results | |
|---|---|---|---|---|
| **Intensive Model Performance Metric** | **Performance Guarantee (PG)** | **% Fees at Risk** | **7/1/15 – 6/30/16** | **1/1/16 – 12/31/16** |
| Return-on-Investment (ROI) | Sliding scale dependent upon Wellness Profile participation rate[1] | 20% | No savings/ROI measured/reported due to low Wellness Profile participation rate | |
| Outreach (Attempt to Contact) (as % eligible adult members) | ≥ 16.3% | 10% | 22.8% | 22.6% |
| Total Reached (as % eligible adult members) | No PG for this metric | n/a | 11.4% | 12.4% |
| Actively Engaged[2] (as % eligible adult members) | ≥ 6.1% | 10% | 6.8% | 8.6% |

[1] ROI PG ranges from 2:1 to 3:1 with Wellness Profile participation ranging from 20% to +50%.
[2] Actively engage = participate in +1 phone call and establish intervention plan with nurse care manager.

# Highmark-reported outcomes from CCA vs. Non-CCA clients

| | CCA Clients | National Non-CCA Clients |
|---|---|---|
| Average Associate Risk | 1.33 | 1.36 |
| 2014-2015 \| PMPM & Financial Trend | 2.7% | 4.4% |
| Advocate Engagement | 45.8% | 0.0% |
| Health Coach Interaction | 11.4% | 4.3% |
| Health Coach Engagement | 8.8% | 3.0% |
| Overall Engagement | 96% | 49% |
| High Cost Claimants \| % Engaged | 37.3% | 21.4% |
| Associates with Attributed PCP | 70.3% | 63.9% |
| Associates receiving Preventive Care | 48.3% | 45.9% |
| Non-Users | 14.1% | 16.3% |

## CCMU-specific Outcomes

- 30% - 50% of those identified were engaged in the program
- Up to 30% reduction in admissions/1,000
- Up to 50% reduction in readmissions/1,000
- 15% increase in compliance with clinical metrics
- ROI up to 3:1

Source: Highmark.
Note: Outcomes from CCMU have been included in the results reported for "CCA Clients."

# Key differentiators between Highmark's care management models

| | Intensive Model | CCA | CCMU |
|---|---|---|---|
| **Vendor Oversight**<br>Clinical assessments<br>Performance guarantees<br>Third party review | Highmark oversees clinical performance<br>Limited focus on clinical and financial outcomes in performance guarantees | Highmark oversees clinical performance<br>Clinical performance guarantees *(40% fees at risk)* | Joint WTW/Highmark oversight of clinical performance<br>Client-specific pre-implementation readiness assessment<br>WTW/Highmark ongoing weekly post-implementation calls to discuss progress/address opportunities<br>Detailed quarterly reporting to monitor progress<br>Semi-annual WTW onsite clinical assessment<br>Customized dashboard report with CCMU-specific metrics<br>Client-specific strategy based on meeting CCMU Performance Guarantees *(40% fees at risk)* |

Note: To highlight the differentiation among the options, text is colored in green to show the additional attributes that are value-add compared to the current "Intensive Model."

# Financial comparison

## Fees and performance guarantees

### Administration Fees

| | | Intensive Model | CCA | CCMU[1] |
|---|---|---|---|---|
| | **FY18 Projected Highmark Enrollment** | **28,500** | **28,500** | **28,500** |
| PEPM Fees | Base Administrative Fees | $3.35 | $5.75 | $7.50 |
| | Oversight Fees | N/A | N/A | $1.67 |
| | **Total Administrative Fees** | **$3.35** | **$5.75** | **$9.17** |
| | | | | |
| Total Fees | Base Administrative Fees | $1,145,700 | $1,966,500 | $2,565,000 |
| | Oversight Fees | N/A | N/A | $571,140 |
| | **Total Administrative Fees** | **$1,145,700** | **$1,966,500** | **$3,136,140** |

### Performance Guarantees

| | | Intensive Model | CCA | CCMU[1] |
|---|---|---|---|---|
| Guarantee | Base Performance Guarantees | 40% | 40% | 40% |
| | Oversight Performance Guarantees | N/A | N/A | 100% |
| | | | | |
| Total Fees | Base Performance Guarantees | $458,280 | $786,600 | $1,026,000 |
| | Oversight Performance Guarantees | N/A | N/A | $571,140 |
| | **Total Fees at Risk** | **$458,280** | **$786,600** | **$1,597,140** |

[1] CCMU $1.67 PEPM oversight fee directed to Willis Towers Watson

# Financial comparison

## Savings estimate and sensitivity analysis

**Savings Estimates (as compared to Intensive Model)**

| | Intensive Model | CCA | CCMU[1] |
|---|---|---|---|
| Gross Savings Estimate (low-end) | N/A | $5,200,000 | $8,100,000 |
| Gross Savings Estimate (high-end) | N/A | $6,700,000 | $10,000,000 |
| **Net Savings Estimate (low-end)** | **N/A** | **$3,200,000** | **$5,500,000** |
| **Net Savings Estimate (high-end)** | **N/A** | **$4,700,000** | **$7,400,000** |

**Sensitivity Analysis (as compared to Intensive Model)**

| | Intensive Model | CCA | CCMU[1] |
|---|---|---|---|
| No Savings (Administrative Fees less Performance Guarantees) | N/A | $492,480 | $851,580[2] |
| Savings Estimate (low-end) | N/A | ($3,200,000) | ($5,500,000) |
| Savings Estimate (high-end) | N/A | ($4,700,000) | ($7,400,000) |

Based on market experience, "No Savings" is not a realistic outcome (minimum ROI is typically 2:1), however, for the purposes of the sensitivity analysis, the minimum incremental administrative fee exposure to the GHIP is provided above

[1] CCMU $1.67 PEPM oversight fee directed to Willis Towers Watson

[2] While the CCMU program net incremental cost (assuming "no savings") is $851k, the current intensive model has contingent PGs for which the GHIP is not currently eligible. Excluding Intensive model PGs, the $851k incremental "no savings" figure drops to $393k.

**Estimated savings are net of administration fees**